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23 June 1981

OS REGISTRY

FILE *Committ's 6*

OFFICE OF SECURITY

RESPONSE TO

CORE WORKING GROUP

This paper contains the Office of Security's response to the Cost Reduction and Efficiency (CORE) Working Group's examination of the five categories outlined below.

- I. Savings which Security has effected in the past two to three years.

Page Two

- II. Ways in which Security could make capital investments now in order to save money in the future.

Page Seven

- III. Efficiencies in overhead that could be accomplished without affecting service.

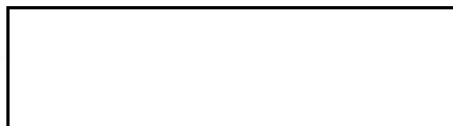
Page Nine

- IV. Efficiencies resulting in changes which save money, but which would also cause a degradation of service.

Page Twelve

- V. Possible realignment of functions within Security and the Organization which would save money, eliminate certain functions or cease duplication.

Page Thirteen



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29 June 1981

NOTE FOR: Deputy Director for Administration

FROM:

Chairman, DDA Cost Reduction and Efficiency (CORE) Working Group

SUBJECT: Status of DDA CORE Effort

Harry:

1. Much of our time to date has been spent on documenting the savings which have been achieved over the last few years, and I think you will be impressed. As promised, we will have this information to you in "final" within the next two weeks.

2. We also promised to meet with you early in the CORE effort to discuss our ideas for future cost reductions and efficiencies. An unedited listing of these ideas, divided into the four categories Bill Hart suggested, is attached for your review prior to our meeting. For the purposes of our meeting, we have not included a narrative description of the ideas or an associated dollar savings. We have deferred this until we can decide with you which should be pursued further. We will be meeting with you at 1330 hours on Tuesday, 30 June 1981.



Attachment

*See Reference**add - Consider Flex/compressed Time*

WARNING NOTICE
SENSITIVE INTELLIGENCE SOURCES
AND METHODS INVOLVED

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DDA REGISTRY

Approved For Release 2005/06/22 : CIA-RDP85-00966R000100010002-3

FILE: *Committees*

DDA 81-1170/9

20 JUL 1981

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director of Central Intelligence

FROM: Harry E. Fitzwater
Deputy Director for Administration

SUBJECT: Directorate of Administration Efficiencies and Cost Savings

REFERENCE: Memorandum for DCI from DDA, Subject, Cost Reduction and Efficiency, dated 4 June 1981, DDA 81-1170/1

COPY FOR YOUR INFORMATION

1. In accordance with the reference, attached are efficiencies and associated cost savings achieved in the Directorate of Administration since FY-79. I asked that this report cover the period from FY-79 to June 1981 in order to correct any misperception or impression that the Directorate of Administration has not been concerned with improving efficiencies and cost savings. (U)

2. The savings enumerated in the attachment are considered remarkable since the Administration Directorate non-personnel services budget for FY-80, FY-81, and FY-82 are all less than the FY-79 budget in terms of constant dollars. Also, the Administration Directorate is more heavily impacted by inflation, particularly that resulting from energy and materiel costs, than any other Directorate. That the Administration Directorate was able to achieve significant savings in this environment can be directly attributed to continuing efforts to "do more with less." (U)

3. Several cautions regarding the magnitude of the cost savings shown in the attachment should be observed:

a. The savings shown cover the period from FY-79 until 30 June 1981, but for a given item, savings are shown only for this period since the implementation of that item, i.e., individual savings could cover a period as long as two years and nine months or as short as only several months. These savings would be even larger had we chosen to show total "life-cycle" savings.

b. In some cases, the actual savings are unequivocal as in the case of the deletion of a discrete service or function. In other cases, however, the savings shown should technically be reduced by some portion of those centralized (overhead) support costs such as data processing and communications which may have made the savings possible. However, we have chosen not to do so because of the difficulty in calculating and prorating these overhead costs and

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because the approach taken is that most commonly used in calculating savings within the government.

c. In yet other cases, such as "negotiated contract savings," one could argue that these are not true "savings" in that they did not result from the application of a new idea, technique, or approach.

d. Finally, any reduction in personnel is considered a savings, even if these personnel were reassigned within the same component, provided it would have been necessary to request additional personnel to meet new requirements which were levied on the component during the same time frame.

The above is simply to state the obvious, that these statistics could be interpreted in different ways. Far more important than the dollars shown is an understanding of the substance of the efforts made to achieve greater efficiencies and cost savings. (S)

4. In accordance with the CORE program we will be submitting to the Agency's Working Group many other ideas for consideration to achieve additional efficiencies and savings in the future. After these are considered by the Agency CORE group they may be presented to the EXCOM for further consideration. (U)



Harry E. Fitzwater

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Attachment

DDA:HEFitzwater:cn (17 Jul 81)

Distribution:

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- 1 - Compt w/atts
- 1 - DDA Subj w/atts and background
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- 1 - O/OA

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16 JUL 1981

MEMORANDUM FOR: Deputy Director for Administration

FROM: Chairman, DDA Cost Reduction and
Efficiency (CORE) Working Group

SUBJECT: Recent DDA Efficiencies and Cost Savings

1. Efficiencies and associated cost savings achieved in the DDA since FY-79 are summarized in Attachment A. We believe it is extremely important that the DCI be made aware of these recent efforts in order to:

- o *correct his perception that "... the rest of the Government is working hard at this (cost reduction and efficiency) and thus far it is my impression that there is too much thinking here that we are immune from this requirement."*
- o *provide support to his efforts to significantly increase Agency funds for capital investment, and, thereby, make possible even greater future efficiencies and savings.*

The savings enumerated in Attachment A are all the more remarkable considering the fact that DDA non-personal service budgets for FY-80, FY-81, and FY-82 are all less than the FY-79 budget in terms of constant dollars and that the DDA is more heavily impacted by inflation, particularly that resulting from increases in energy and materiel costs, than any other directorate. That we were still able to achieve significant savings in this environment can be directly attributable to our continuing efforts to "do more with less."

2. Several cautions regarding the magnitude of the cost savings shown in Attachment A should be observed:

- o The savings shown cover the period from FY-79 until 30 June 1981, but for a given item, savings are shown only for the period since the implementation of that item, i.e., individual savings could cover a period as long as 2 years and 9 months or as short as only several months. These savings would be even larger had we chosen to show total "life-cycle" savings.

WARNING NOTICE
INTELLIGENCE SOURCES
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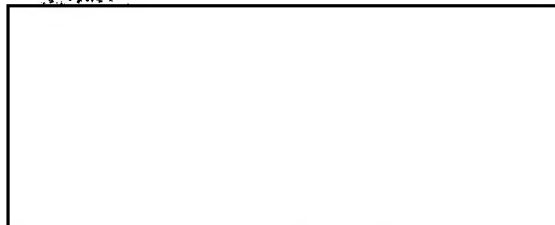
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SUBJECT: Recent DDA Efficiencies and Cost Savings

- o In some cases, the actual savings are unequivocal, as in the case of the deletion of a discrete service or function. In other cases, however, the savings shown should technically be reduced by some portion of those centralized (overhead) support costs such as data processing and communications which may have made the savings possible. However, we have chosen not to do so because of the difficulty in calculating and prorating these overhead costs and because the approach taken is that most commonly used in calculating savings within the Government.
- o In yet other cases, such as "negotiated contract savings," one could argue that these are not true "savings" in that they did not result from the application of a new idea, technique, or approach.
- o Finally, any reduction in personnel is considered a savings, even if these personnel were reassigned within the same component, provided it would have been necessary to request additional personnel to meet new requirements which were levied on the component during the same time frame.

The above is simply to state the obvious, that these statistics could be interpreted in different ways. *Far more important than the dollars shown is an understanding of the substance of the efforts made to achieve greater efficiencies and cost savings.*

3. Finally, we have included, as Attachment B, a listing of some of the ideas we will be submitting to you for consideration to achieve yet additional efficiencies and savings in future years.



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Attachments:

- A. Recent Efficiencies and Associated Cost Savings
- B. Future Efficiencies

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SUBJECT: Recent DDA Efficiencies and Cost Savings

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Recent DDA Efficiencies and Cost Savings

25X1 FROM

Chairman, DDA Cost Reduction
and Efficiency Working Group

EXTENSION

NO.

DATE

16 July 1981

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TO: (Officer designation, room number, and building)

DATE

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. DD/Sec
GE31 HQS

20 JUL
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Q

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23 JUL
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D/S (FYI)

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11.

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14.

1-3- [redacted] Please
plan to attend
29 July CORE meeting.
- I will be TDY

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[redacted] - This is finished
Package on CATI which
has sent to DDA. J

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ATTACHMENT A

RECENT EFFICIENCIES

AND

ASSOCIATED COST SAVINGS

Next 30 Page(s) In Document Exempt

ATTACHMENT B

FUTURE EFFICIENCIES

Next 6 Page(s) In Document Exempt